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DISPATCH NO. EGL-A-6028

SECRET

CLASSIFICATION

23 OCT 1953

TO : Chief, EE

DATE:

FROM : Chief of Base, Pullach

SUBJECT: GENERAL— Operational/ZIPPER

SPECIFIC— Subject of Reference

REF: EGL-A-6027

MICROFILMED

JUN 27 1963

DOC. MICRO. SER.

1. Reference gives personality data as known to ZIPPER on former and current members of the Hungarian Trade Delegation which periodically comes to West Germany to conclude trade agreements. ZIPPER (GV G) believes intelligence opportunities are offered by this delegation, and is maintaining contact with the delegation through V-9134,2 (identified in EGLA-6025), whose firm does business with the group. The specific operation currently planned involves the recruitment of Subject of para. 3 of reference, and has been assigned the ZIPPER cryptonym "HENNE".

2. ZIPPER supplies the following information about subjects of reference:

a. Subject of para. 1 of reference was chief of the Hungarian trade delegation until (ZIPPER says) end of June 1953. He was a competent businessman, but was regarded by the Hungarians as politically unreliable, because he allegedly refused to join the Communist Party. V-9134,2 held discussions with him about the possibility of his defecting to the west, but Subject of para. 1 was ordered to return home before any plans could be firmly established. Subject of para. 1 was told that he was to return to Hungary to take over the post of General Director of the firm TECHNO-IMPORT, but when he returned to Hungary, was actually given the post of deputy Section Chief, and is no longer permitted to leave Hungary.

b. Subject of para. 2 of reference appeared as successor to Subject of para. 1, representing the Hungarian Ministry of Foreign Trade. V-9134,2 learned various things about Subject of para. 2 from other members of the delegation over the summer, pointing strongly to the conclusion that he was a sort of "political commissar" of the group. Subject of para. 2 allegedly has no business experience. He allegedly has no areas of business activity within the firm TERDEX of which he was representative. He reportedly demanded, during a meeting in BUDAPEST of all Hungarian trade representatives making trips to the West, that each give his impressions of West Germany. Members of the delegation subordinate to Subject of para. 2

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immediately recognized his intentions, and gave negative reports, but members of some other delegations reported positively on West Germany whereupon they were relieved of their duties and of their passports, and may no longer leave Hungary. On the basis of these reports, V-9134,2 resolved to prevent Subject's return to West Germany. He therefore informed the German Federal Trade Ministry of the probable true character of Subject's mission to West Germany, with the result that Subject's request for a visa was refused. A second application was likewise refused. V-9134,2 was thereupon requested by representatives of the permanent Hungarian Mission in FRANKFURT to intercede with German Government officials on behalf of Subject. V-9134,2 thereupon wrote a letter recommending Subject, which he gave to the Hungarian Mission, but then immediately verbally informed the Federal Trade Ministry to ignore the letter when it reached them. The third request for visa for Subject was again rejected by the Germans, but V-9134,2's role in this has (he believes) been fully concealed from the Hungarians.

c. Subject of para. 3 of reference is the target personality of ZIPPER's Operation "HENNE". He was deputy to Subject of para. 2 of reference, but most recently has appeared as chief of the delegation, since subject of para. 2 cannot enter Germany. Subject of para 3 has appeared as chief three times, and V-9134,2 believes he will continue to fulfill this function in the future. V-9134,2, after three months' association with Subject of para. 3, believes he can be approached. He allegedly is not a party member, and is something of a gay blade while in West Germany. He drives an American car of the Hungarian Mission, and enjoys a close association with a German girl employed as barmaid in the "Ellis-Elliott" (ZIPPER questions whether this name is correct) bar in FRANKFURT, which bar is almost exclusively patronized by Americans. Subject has also accepted valuable gifts from V-9134,2 each time he has returned to Hungary, including nylon stockings, underclothing, gold fountain pens, and suiting materials worth about 1000 DM. V-9134,2 believes Subject could be a valuable source of information on Hungarian economic and political affairs, and could also serve as an observer during his frequent business trips within Hungary. In order to protect V-9134,2, it is planned to have the recruitment attempted by V-9109, who will be introduced to Subject by V-9134,2.

d. Subjects of paras. 4 and 5 of reference are other members of the Hungarian delegation doing business with V-9134,2. It is not planned to make any attempt to use them at present. They are regarded as capable businessmen by V-9134,2, but he indicates nothing suggesting that either might be approachable.

3. ZIPPER is aware that the acceptance of gifts by a member of the Hungarian trade delegation is no indication that he is susceptible to approach, and agrees that it may indicate he is playing a "come on" game on behalf of the AVH. We cannot, with the information currently available to us, see any reason to discourage ZIPPER in this attempt, however.

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4. We have asked ZIPPER to secure further personal details regarding the persons named in reference, which they agree they should be able to do, at least on the basis of visa applications submitted to the German Government. We will also shortly (we hope) receive further data on V-9134 and V-9109.

5. This case was discussed with [] on 15 October, and we are sending VIENNA the entire operational data as we know them, because we are aware of certain potential in the Hungarian field currently held by VOB. It is our opinion that ZIPPER's plans to approach anyone in this Hungarian mission need not deter our own efforts; indeed, we might be able to utilize ZIPPER leads, so long as they were used in such a way as to be non-identifiable by ZIPPER, in carrying out any of our own plans. I do not believe that we can restrain ZIPPER from making the attempt detailed above, however.

(For VIEN: Attached are notes made by [])

MHS

Approved by:

for []

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28 OCT 1953

[]
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